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## PART II-A

GOVERNMENT OF MEGHALAYA

EXCISE, REGISTRATION, TAXATION AND STAMPS DEPARTMENT

ORDERS BY THE GOVERNOR

### NOTIFICATIONS

The 16<sup>th</sup> October, 2006.

**No.ERTS(T)64/98/313.**—In exercise of the powers conferred by sub-sections (3) and (4) of Section 116 of the Meghalaya Value Added Tax Act, 2003, (Meghalaya Act 2 of 2005) hereinafter referred to as the Act, the Governor of Meghalaya is pleased to frame THE MEGHALAYA INDUSTRIES (TAX REMISSION) SCHEME, 2006, substituting the Meghalaya Industries (Sales Tax Exemption) Scheme, 2001, for providing alternative benefits in lieu of benefits being enjoyed by the eligible industrial units under the existing scheme without breaking the VAT chain and further to provide alternative benefits to the industrial units in the pipeline which would have enjoyed the same benefits had the Act not come into force, by way of remission by retaining the tax collected as a subsidy to those units without breaking VAT chain in conformity with the provisions of the Act and in the manner hereinafter specified, namely :-

#### **THE MEGHALAYA INDUSTRIES (TAX REMISSION) SCHEME, 2006.**

1. Short title & Commencement
  - (1) This Scheme may be called the Meghalaya Industries (Tax Remission) Scheme, 2006, hereinafter referred to as the Scheme.
  - (2) The Scheme shall come into force on the 1<sup>st</sup> day of October, 2006.
2. Definition of Eligibility
 

An industrial unit, having commenced commercial production before the commencement of the Act and was already found eligible under the Meghalaya Industries (Sales Tax Exemption) Schemes, 2001 as per the eligibility criteria of the Industrial Policy of Meghalaya 1997, or an industrial unit other than a non eligible unit under the Industrial Policy approved by the Single Window Agency on or before 30.4.05 and having taken effective steps shall be treated as an eligible industrial unit.

**Note : Effective steps for implementation of the project will comprise all of the following :-**

- a) **Effective possession of land.**
- b) **Registration of the firm or the company with the appropriate authority.**
- c) **Provisional registration with the District Industries Centre concerned or filing of memorandum with the Secretariat of Industrial Approvals, as the case may be.**
- d) **Preparation of Project Report.**
- e) **Sanction of Power Connection.**
- f) **Settlement of the means of finance for the project including sanction of the term loan.**

3. Limits of Tax remission for the eligible units

(1) Where an eligible unit registered under the Meghalaya Value Added Tax Act, 2003 (Meghalaya Act 2 of 2005) manufactures any goods in Meghalaya, other than goods declared as not eligible under the Industrial Policy of Meghalaya, 1997, a portion of the tax payable by such unit according to its return in respect of sales of such goods manufactured in such units shall be eligible for remission by way of retaining tax collected as subsidy as per calculation shown in sub clause (2) below until the entitlement period for enjoying the tax exemption under the Meghalaya Industries (Sales Tax Exemption) Scheme, 2001, expires.

(2) Tax payable during the return period by an eligible unit shall be calculated according to the following formula :-

- (a) Tax payable = Output Tax plus tax liability under the Central Sales Tax Act, 1956 (Central Act 74 of 1956) minus Input Tax.

Provided where the unit is engaged in manufacture of goods taxable at the first point of sale in Schedule V of the Act, the amount of tax payable during the return period shall be the tax liability on intra-State sale and sales in course of inter-State trade or commerce.

- (b) The amount of tax to be eligible for remission shall be ninety nine per cent of the tax payable in accordance with tax return and the balance one per cent of the tax payable shall be deposited by the eligible unit into the Government Account.

Provided that the remission in respect of cement/clinker manufacturing unit having an installed capacity of more than 600 tones per day shall be limited to 96% of the tax payable in accordance with the tax return and the balance 4% shall be deposited by the eligible unit into Government account.

**Note: Cement industry in the country as a whole is experiencing a boom and bigger cement units having installed capacity of more than 600 metric tons per day have the further advantage of economies of scale. Hence the differential rate of remission.**

3. Eligibility :- An eligible unit will be entitled to the benefits under this scheme for a period upto 7 (seven) years from the date of commencement of production.

4. Issue of Certificate of Entitlement by the Prescribed Authority (1)(a) An eligible industrial unit holding a Certificate of Authorisation issued under the Meghalaya Industries (Sales Tax Exemption) Scheme, 2001, as on the date of commencement of the Act, shall make an application in format I appended to this Scheme to the Prescribed Authority within one month from the date of notification of this Scheme.

Provided that such application may be accepted by the Prescribed Authority upto a period of 15 (fifteen) days after the expiry of the specified period, if it is satisfied that the unit had sufficient cause for not making the application within the specified period.

- (b) The prescribed authority shall maintain a Register for issue of Certificate of Entitlement in Format-III appended to the scheme.

“Prescribed Authority” means the “Assessing Authority” defined under sub-section VII of Section 2 of the Meghalaya Value Added Tax Act, 2003 (Meghalaya Act No 1 of 2005).

- (c) On receipt of the application, the Prescribed Authority, after satisfying itself that the application is correct and complete in all respect shall issue a Certificate of Entitlement in format II appended to this Scheme in lieu of the Certificate of Authorisation ordinarily within forty five days. Such Certificate of Entitlement shall be issued for a financial year only and will be ordinarily renewed automatically within the period of entitlement or part thereof subject to timely submission of return by the industrial unit.

- (2) (a) An eligible industrial unit not holding a Certificate of Authorisation as on the date of commencement of this Scheme, shall make an application in format I appended to this Scheme to the Prescribed Authority within one month of the commencement of this Scheme.

Provided that such application may be accepted by the Prescribed Authority upto a period of 15 (fifteen) days after the specified period if it is satisfied that the unit had sufficient cause for not making the application within the specified period.

- (b) The unit shall take necessary steps to obtain the Certificate of Authorisation simultaneously as per the procedure laid down in the Meghalaya Industries (Sales Tax Exemption) Scheme 2001 within a period of one month and shall submit such certificate to the Prescribed Authority immediately on receipt of the same. The prescribed authority shall issue such certificate within forty five days after satisfying itself about the correctness of the application.

- (c) On receipt of the Certificate of Authorisation, the Prescribed Authority, after satisfying itself that the application is correct and complete in all respect, shall issue a Certificate of Entitlement in format II appended to this scheme in lieu of the Certificate of Authorisation ordinarily within forty five days. Such Certificate

of Entitlement shall be issued for a financial year only and will be ordinarily renewed automatically within the period of entitlement subject to timely submission of returns by the unit.

(d) The Prescribed Authority shall withhold the issue of Certificate of Entitlement or refuse to grant it, if the application and the documents, accompanying therewith are not found to be in order and the conditions laid down for the purpose are not fulfilled or if any information furnished is not correct.

(e) An industrial unit which has been cleared by the Single Window Agency on or before 30.4.2005 and has taken effective steps may apply for a Certificate of Entitlement within a period of three months from the date of notification of this Scheme before the jurisdictional prescribed authority. The prescribed authority shall issue the Certificate after satisfying itself as to the correctness of the application within a period of forty five days.

5. Tax Return and annual return

Within the time prescribed under the provisions of the Act and the rules framed thereunder for submission of Return, the eligible unit for the purpose of claiming of Remission of Tax shall file tax return and Annual Return within the prescribed time to the Prescribed Authority having jurisdiction over the unit. However such tax return and annual return shall be in the formats IV and V appended to this Scheme.

6. Renewal of Certificate of Entitlement

The Certificate of Entitlement shall remain valid for a year only, i.e., upto the end of a financial year and thereafter shall be renewed after examination of annual return for each financial or for a fraction of financial year till the entitlement period of the eligible industrial unit under the Meghalaya Industries(Sales Tax Exemption)Scheme,2001, expires. It shall the duty of the eligible industrial unit to inform the prescribed authority as soon as entitlement period of the unit expires. The concerned Prescribed Authority of the area shall examine the return furnished in format V by the eligible unit and pass necessary orders , as and when the entitlement period of the eligible unit expires, withdrawing the Certificate of Entitlement with an intimation to the authority granting the Eligibility Certificate besides taking action, for realization of the due taxes and for violation of provisions, if any, under the provisions of the Act.

7. Particulars of Certificate of Entitlement on the Invoice

The holder of the Certificate of Entitlement in the case of an eligible industrial unit shall be entitled to sell his finished products in the State of Meghalaya or in the course of inter-State trade or commerce. However, in the tax invoice or the retail invoice, as the case may be, issued to the purchaser, the holder of the Certificate of Entitlement, in addition to his taxpayer identification number (TIN), shall also clearly mention the number and date of his Certificate of Entitlement.

8. Surrender of the Certificate Entitlement

If an industrial unit to which an Entitlement Certificate has been granted under this Scheme closes down or reaches the expiry date, it shall be the duty of the unit to report within fourteen days from the date of such closure or on reaching expiry date in writing to the jurisdictional Prescribed Authority and to surrender

the Entitlement Certificate. Simultaneously along with this report, it shall also inform the authority which has issued the Eligibility Certificate about the provisions of the Meghalaya Value Added Tax Act, 2003 and other laws in force.

9. Termination of Eligibility Certificate as well as the Certificate of entitlement for violation of or non-compliance with any of the conditions laid down in the Scheme. (1) The Eligibility Certificate is granted to an industrial unit which fulfils all eligibility conditions in terms of the Meghalaya Industries (Sales Tax Concessions) Scheme, 2001 and for the purpose of getting the Certificate of Entitlement to enable the industrial unit to enjoy the benefit of tax remission in terms of this Scheme. Violation of any condition of the eligibility or information on any of these conditions being found false at any time after the issue of Eligibility Certificate or obtaining of such certificate by fraud or misrepresentation or suppression of facts or failure on the part of the holder of the Certificate of Entitlement to comply with any condition laid down in the Certificate of Entitlement or to furnish any information required by the Prescribed Authority with regard to the implementation of this Scheme shall entail the termination of both the Eligibility Certificate and Certificate of Entitlement. However, before such termination, the industrial unit shall be given an opportunity of being heard by the Prescribed Authority.
10. Appellate Authority Any party aggrieved by an order of the Prescribed Authority may prefer an appeal before the Appellate Authority appointed under Section 27 of the Act within a period of 30 (thirty) days from the date of the order of the Prescribed Authority.
11. Removal of Difficulties The State Government may make such orders as it may consider necessary for removal of any difficulty that may arise during the course of implementation of this scheme.
12. Savings Notwithstanding the substitution of the Meghalaya Industries (Sales Tax Concessions) Scheme, 2001 all proceedings relating to the issuance of Certificate of Authorisation and any other proceeding under the said Scheme in respect of any period before the date of commencement of this Scheme may be taken or continued as if this Scheme had not been made effective.

*The 16<sup>th</sup> October, 2006.*

**No.ERTS(T)64/98/314** In exercise of the powers conferred by Sub-section (5) of Section 8 of the Central Sales Tax Act, 1956, the Governor of Meghalaya is pleased to withdraw the benefit of exemption from payment of CST granted earlier under this Department's Notification No.ERTS(T)64/98/88, dt. 12.4.2001 which was superseded by Notification No.ERTS (T)64/98/211, dt. 5.9.2005, and to further direct in public interest that all industrial units eligible to 99% remission of VAT under para 3(2)(b) of the Meghalaya Industries (Tax Remission) Scheme, 2006 shall pay CST @ 1% provided the sale is made to a registered dealer outside the State or to the Government. Sales to others will attract normal rates of CST.

Other industrial units which are eligible to 96% remission of VAT under the proviso to para 3(2) (b) of the Meghalaya Industries (Tax Remission) Scheme, 2006 shall pay CST at normal rates as provided under Central Sales Tax Act, 1956. This Notification shall come into force with immediate effect.

**B. K. DEV VERMA,**  
***Principal Secretary to the Government of Meghalaya,***  
***Excise, Registration, Taxation & Stamps Department.***